1	2	3	4	5
3.	Industrial production	8·5	—0·1	4·1 (April)
4.	Infrastructure industries (index of six infrastructure industries comprising electricity, coal, saleable steel, petroleum products, crude petroleum and cement)	4·7	6·0	2·2 (April-May)
5.	Money supply (M3)	15·1	18·5	5·8 (Upto June 26, 1992)
6.	Gross fiscal deficit as %of GDP	8·4	6·5	—
7.	Inflation rate—WPI	12·1	13·6	9·3 (25 July, 1992)
8.	BOP—current account deficit as per cent of GDP	2·8	1·1	—
9.	Exports in $ terms	9·1	—1·9	—4·0 (April-May)
10.	Imports in $ terms	13·2	—19·4	24·7 (April-May)
11.	Foreign currency assests at the end of the period (Million $)	2236	5644	6389 (30 July, 1992)

Recessionary conditions in Indian Economy

3776. SHRI KAMAL MORARKA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact recessionary conditions prevailed in the country during 1991-92 inspite of liberalised policy;

(b) if so, what are the reasons therefor;

(c) whether the same recessionary conditions are likely to continue during the current financial year too; and

(d) if so, what steps are being taken to set right the economy?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) and (b) The recessionary conditions in the economy had begun in the second half of 1990-91, i.e., much before the liberalisation policies were introduced by the present Government. Building up of such conditions, which continued through larger part of the year 1991-92 also, was due to severe import compresion and tight credit policy resorted to in 1990-91 due to shortage of foreign exchange and to contain inflationary pressures, respectively.

(c) and (d) As a result of the policies introduced by the Government, a turnaround in industrial production and revival of the economy from recessionary conditions, are already in evidence. The industrial production has been picking up since February, 1992 and as per latest data available for April 1992, was higher by 4.1 per cent over the corresponding month of last year. The inflation rate has also been falling and as on July, 25, 1992 stood at 9.3 per cent as against 16.7 per cent in the fourth week of August, 1991 and 13.6 per cent in the end of March, 1992.

The package of macroeconomic stabilisation measures and structural adjustments initiated by the Government are expected to put the economy on a path of sustained development in the medium term. The constraints due to import restrictions and a tight credit policy have been considerably relaxed. Other measures taken during the current year are further reduction of fiscal deficit, rationalisation of taxes and duties, introduction of partial convertibility of rupee, reduction in quantitative restrictions on trade,

further liberalisation of foreign investment and capital markets, etc. These policies are expected to increase efficiency and productivity and thereby impart resilience and stability to the economy.

Investment of providend fund money of Punjab and Sind Bank

3777. SHRI ASHIS SEN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Trustees of Employees' Provident Fund in Punjab & Sind Bank have invested a sum of Rs. 60 lakhs of trust fund in securities with Bank of Karad;

(b) if so, whether the transaction was completed and legally authorised;

(c) whether after liquidation of Bank of Karad, the invested money which belongs to the employees is safe for its full value; and

(d) whether any more amount out of this fund has been invested in any other institutions affected by the bank scam?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) Yes, Sir.

(b) and (c) It has been reported by RBI that Punjab & Sind Bank on behalf of its Employees Provident Fund Trust purchased Tamil Nadu Government securities-2011 (12%) for Rs. 60 lacs from the Bank of Karad Ltd. and made payment to the Bank on 11.12.1991 against BR issued in favour of Punjab & Sind Bank. Punjab & Sind Bank lodged an SGL form issued by the Bank of Karad with Reserve Bank of India Public Debt Office at Bombay on 25.5.92. However, on this date there was no balance in respect of the said loan in the account of the Bank of Karad. Hence the transfer was not and could not have been given effect on 25.5.92. Punjab & Sind Bank has contended that the Bank of Karad had purchased the said securities from the Bank of Madura for which SGL form was issued in favour of the Bank of Karad. The Bank of Karad has been taken into liquidation on 27.5.92.

(d) Punjab & Sind Bank has replied in the negative.

Impact of foreign aid

3778. SHRI B. K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that many economists now feel that foreign aid has been an unmitigated disaster for India as per a report in Economic Times of the 30th June, 1992 by Prof. Shyam J. Kamath;

(b) whether this is particularly so for projects which require local resources as for Building and Personnel;

(c) whether Government will ensure that foreign aid is used for hard mother machines and not for purchase and import of products like skim milk powder and butter which are in short supply only marginally; and

(d) whether Government will review the position of foreign aid specially food aid through independent economists?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) to (d) Yes, Sir. The Government do not regard External borrowings as a substitute for resources mobilisation through domestic efforts. However external resources are mobilised to bridge the gap between total investment outlays and internal resources available for the planned development of the economy. External assistance is taken from various foreign countries/institutions mainly for meeting the foreign exchange requirements of various project and non-project programmes according to our National Plan priorities. Government have already introduced a programme of economic reforms aimed at short-term stabilisation combined with longer term restructuring. These reforms would improve the economic condition of the country and revitalise our growth process including our export earning capacity so as to enhance our capacity to repay the loans and to ensure that this debt burden does not exceed the capacity of the economy to service such loans.